

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
May 20, 2015
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Richard Fischer

Applicant: California Statewide Communities Development Authority

Allocation Amount Requested:

Tax-exempt: \$6,100,000

The amount of allocation requested is supplemental to the \$24,250,000 of allocation the Project received on December 12, 2012 & March 13, 2013 and \$1,750,000 supplemental allocation received on March 13, 2013.

Project Information:

Name: Park Village Apartments
Project Address: 708 West Corregidor Street
Project City, County, Zip Code: Compton, Los Angeles, 90220

Project Sponsor Information:

Name: Park Village Family Apartments, L.P. (ROEM Development Corporation and Pacific Housing, Inc.)
Principals: Robert Emami and Jonathan Emami for the ROEM Development Corporation and Mark Wiese, Mat Eland and Molly Wiese for the Pacific Housing, Inc.
Property Management Company: FPI Management Inc.

Project Financing Information:

Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Credit Enhancement Provider: Not Applicable
Private Placement Purchaser: Citibank, N.A./ Freddie Mac
TEFRA Hearing Date: October 23, 2012

Description of Proposed Project:

State Ceiling Pool: General
Total Number of Units: 162, plus 2 manager units
Type: Acquisition and Rehabilitation
Type of Units: Family

Park Village Apartments is an existing 164 unit Section 8 multifamily rental development in Compton, California. The Project consists of 61 one- and two-story flat and townhome buildings. The property is a gated community with a separate building that serves as a community room and leasing office. The apartment buildings have a two-story garden walk-up design with parking lots in between.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%

10% (17 units) restricted to 50% or less of area median income households.

90% (145 units) restricted to 60% or less of area median income households.

Unit Mix: 1, 2, 3 & 4 bedrooms

Service amenities include a after school programs and instructor led educational, health and wellness or skill

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 38,352,109	
Estimated Hard Costs per Unit:	\$ 79,183	(\$12,827,602 /162 units)
Estimated per Unit Cost:	\$ 236,741	(\$38,352,109 /162 units)
Allocation per Unit:	\$ 37,654	(\$6,100,000 /162 units)
Allocation per Restricted Rental Unit:	\$ 37,654	(\$6,100,000 /162 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 19,000,000	\$ 25,182,393
Non Tax-Exempt Bond Proceeds	\$ 6,182,393	\$ 0
Deferred Developer Fee	\$ 1,755,956	\$ 52,022
LIH Tax Credit Equity	\$ 7,756,756	\$ 10,634,242
Deferred Reserves and Tax Exempt Bond interest	\$ 1,118,233	\$ 0
Other (Lease-Up Income)	\$ 2,483,452	\$ 2,483,452
Total Sources	\$ 38,296,790	\$ 38,352,109

Uses of Funds:	
Acquisition/Land Purchase	\$ 16,445,000
Hard Construction Costs	\$ 12,827,602
Architect & Engineering Fees	\$ 250,000
Contractor Overhead & Profit	\$ 695,892
Developer Fee	\$ 2,500,000
Relocation	\$ 450,000
Cost of Issuance	\$ 200,000
Capitalized Interest	\$ 1,928,218
Other Soft Costs (Marketing, etc.)	\$ 3,055,397
Total Uses	\$ 38,352,109

Description of Financial Structure and Bond Issuance:

This is a California Statewide Communities Development bond issuance. Citi Community Capital will provide a private placement of tax-exempt private activity bonds in the amount of \$25,100,000 that will serve as the Permanent loan. The loan term will be 15 years amortized at 35 years. The all in loan rate is currently estimated to be 4.30%.

Analyst Comments:

Initially, under the short term escrow secured bond structure (with a long term Freddie-Mac taxable note), the Project Sponsor only needed to issue sufficient bonds to meet the 50% test. Now, Freddie-Mac has its own, more attractive tax exempt loan (TEL) program whereby they are willing to purchase a tax exempt note in lieu of credit enhancing bonds. The requested allocation utilizes the Freddie-Mac TEL program to pay off the existing long term Freddie-Mac taxable loan. The taxable loan amount is higher than the bond issue and therefore the Project Sponsor needs to issue the additional bonds to pay off the taxable loan and replace it with the Freddie-Mac TEL.

Legal Questionnaire:

The Staff has reviewed the Applicant's responses to the questions contained in the Legal Status portion of the application. No information was disclosed to question the financial viability or legal integrity of the Applicant.

Recommendation:

Staff recommends that the Committee approve \$6,100,000 in tax exempt bond allocation.

ATTACHMENT A

EVALUATION SCORING:

Point Criteria	Maximum Points Allowed for Non-Mixed Income Projects	Maximum Points Allowed for Mixed Income Projects	Points Scored
Federally Assisted At-Risk Project or HOPE VI Project	20	20	0
Exceeding Minimum Income Restrictions:	35	15	25
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Federally Assisted At-Risk Project or HOPE VI Project]	[10]	[10]	0
Gross Rents	5	5	5
Large Family Units	5	5	5
Leveraging	10	10	0
Community Revitalization Area	15	15	0
Site Amenities	10	10	10
Service Amenities	10	10	10
New Construction	10	10	0
Sustainable Building Methods	10	10	5
Negative Points	-10	-10	0
Total Points	130	100	60

The criteria for which points are awarded will also be incorporated into the Resolution transferring Allocation to the Applicant as well as the appropriate bond documents and loan and finance agreements.